

# 16<sup>th</sup> Annual Government Financial Management Conference

## **Managing the Nation's Money**

*Presenter*

**Mary Rascoe, Cash Forecasting Division**

**Governmentwide Accounting**

**Financial Management Service**

**Department of the Treasury**

# **Overview of Managing the Nation's Money**

- The Importance to Treasury, the Federal Reserve, and to the nation's economy
- Critical Roles, Responsibilities, and Teamwork
- Overview of the Daily Cash Management Process

# Importance to Treasury

- Forecasting of receipt and expenditure activity
- Assure adequate funds are available to make payments
- Minimize interest on borrowings; maximize earnings on excess cash
- Critical daily operations and public assurance

# **Treasury Roles and Responsibilities**

## Office of Fiscal Projections, Office of the Fiscal Assistant Secretary

- Projects daily collections and disbursements up to nine months in advance
- Makes daily cash management decisions
- Recommends the amount and timing of borrowing from the public based on securities and funds needed to make payments

# **Cash Forecasting Division, Financial Management Service**

- Provides program support to the Office of the Fiscal Assistant Secretary (OFAS) in monitoring, forecasting and managing Treasury's cash and debt position.
- Coordinates the Daily Cash Balance Conference Call
- Publishes the Daily Treasury Statement (DTS)
- Maintains and enhances the CashTrack System.

**Where's the Money ?**

# **Treasury General Account (TGA)**

- Deposits of the U.S. Government held at the Federal Reserve Bank of New York
- Serves as the U.S. Government's "checking" account.
- All Federal Government deposits and payments flow through the TGA.
- Treasury targets a daily balance of \$5 billion.

# **Treasury Tax and Loan Accounts (TT&L)**

- Deposits held at Treasury designated Financial Institutions across the U.S.
- Serves as the U.S. Government's interest bearing “savings” account.
- Holds tax receipts and excess cash until needed.
- Allows Treasury to conduct scheduled borrowing operations.



# **Treasury Cash Management Tools**

- Treasury Investment Program's Traditional Methods
- Dynamic Investments
- Term Investment Option
- Repurchase Agreements

# Treasury Investment Program

- Direct Investments - the transfer of excess Treasury funds to financial institutions participating in the Treasury Tax and Loan Program. These funds are placed with either a one-day or same-day notice.
- Special Direct Investments - the placement of excess operating funds into a participating financial institution [Special Direct Investment (SDI) account]. The investment must be fully secured using specified acceptable collateral determined by the Department of the Treasury.

# Dynamic Investments

- Began in July 2001
- Allows for the automatic investment of unexpected deposits
- Helps maximize earnings on Treasury's excess cash
- Aims to maintain the Treasury General Account balance at target levels

# **Term Investment Option**

- Pilot program began in April 2002
- Permanent program in October 2003
- Term Investments allow Treasury to place a portion of its excess operating funds directly with TT&L depositories for a set period of time at a rate of interest determined through a competitive bidding process
- During Fiscal Year 2006, through June, over \$393 billion have been invested as a result of Term Investment auctions

# **Repurchase Agreement Program (Repo)**

- Program pilot began in March 2006
- Add additional investment capacity to the TTL program.
- Increase the rate of return the Treasury receives on funds invested.
- Since beginning the pilot, over \$206 billion have been invested as a result of Repurchase Agreements.

# **Treasury's Cash Management Goals**

- Maximize earnings on excess operating funds
- Increasing the overall percentage of TT&L funds invested in Term Investments
- To improve short-term rates above the Term Investment program auction rates.

# **The Daily Cash Management Process**

# **Roles and Responsibilities**

- Treasury estimates daily receipts and payments of the U.S. Government; schedules U.S. Government borrowing operations up to 9 months in advance
- Federal Program Agencies provide Treasury with long-term receipt and payment plans
- Federal Program Agencies provide short-term receipt and payment information by Large Dollar Notifications



# **Large Dollar Notifications**

What/When to report:

Disbursements and collections

If \$500 million or greater – 5 business days prior.

If \$50 million or greater – 2 business days prior.

By 8:30 a.m. day of settlement

Needed from:

Agency certifying/financial officers

Treasury Regional Financial Centers

Non-Treasury disbursing officers

Agencies with delegation of disbursing authority

For more information:

Volume I, Treasury Financial Manual, Part 6 Chapter 8500

# Large Dollar Notification Reporting

- Notify the Cash Forecasting Division
- CASH TRACK Web [www.cashtrack.gov](http://www.cashtrack.gov)  
(Internet Explorer is suggested)
- E-mail [funds.control@fms.treas.gov](mailto:funds.control@fms.treas.gov)
- Fax (202) 874-9984 or (202) 874-9945
- Telephone (202) 874-9789 or (202) 874-9790

# Daily Cash Balance Conference Call

- Held every banking day at 9:00 a.m.

## *Includes:*

- Treasury - Office of Fiscal Projections
  - Treasury – Cash Forecasting Division
  - FRB NY – Monetary Projections/Open Market Operations Group
  - Board of Governors
- Decision to invest or withdraw funds from savings to achieve the \$5 billion target balance for the day
  - Takes preliminary action to invest or withdraw funds from savings to achieve a \$5 billion target balance for the next business day

# **Critical Events for the Conference Call**

- FRB NY – reports the TGA closing balance by 9:00 p.m.
- FRB's report yesterday's actual transactions by 6:30 a.m.
- Lockbox Banks report collections to be deposited today by 8:15 a.m.
- Treasury RFC's report ACH payments files sent to FRB by 6:30 a.m.
- Large Dollar Notification for future payments/collections are posted by 8:30 a.m.
- Yesterday's results are analyzed and daily forecasts are updated as needed by 8:45 a.m.
- Cash Forecasting Division makes daily investment or withdrawal proposals by 8:50 a.m.
- Conference Call takes place at 9:00 a.m.

# **Additional Cash Management Activities**

- Daily Cash Balance Conference Call is revised at 10:00 a.m. when required
- Term Investment Announcements and Auctions are held generally between 9:00 a.m. and 11:00 a.m.
- Treasury Notices and Results of TT&L actions are posted on the web daily at 12:00 p.m.  
[www.fms.treas.gov/ttlactions](http://www.fms.treas.gov/ttlactions)

# Daily Treasury Statement

- Summarizes the cash and debt operations of the U.S. Treasury for the Federal Government
- Information is reported on a modified cash basis with deposits reported as received and withdrawals reported as processed
- Includes final daily totals as well as cumulative month to date and fiscal year to date totals
- Released to the public every business day at 4 pm  
[www.fms.treas.gov/dts](http://www.fms.treas.gov/dts)

# **Daily Treasury Statement Information**

- Operating Cash Balance opening and closing balance for the day
- Details of deposit and withdrawal activity of agency programs and major functions; certain programs are reported only when \$50 million or more
- Bureau of the Public Debt transactions
- Federal Tax Deposits
- Federal Income Tax Refunds Issued

# Contact Information

Mary Rascoe

Cash Forecasting Division

e-mail: [Mary.Rascoe@fms.treas.gov](mailto:Mary.Rascoe@fms.treas.gov)

202-874-9798

office e-mail: [funds.control@fms.treas.gov](mailto:funds.control@fms.treas.gov)

Fax (202) 874-9984 or (202) 874-9945